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**DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION
[DOVER/KENT COUNTY MPO]**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2022 AND 2021

**DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION
[DOVER/KENT COUNTY MPO]**

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Independent Auditor's Report

Members of the Council
Dover/Kent County Metropolitan Planning Organization
Camden, Delaware

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of Dover/Kent County Metropolitan Planning Organization [Dover/Kent County MPO], as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Dover/Kent County MPO's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Dover/Kent County MPO as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dover/Kent County MPO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Dover/Kent County MPO's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dover/Kent County MPO's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dover/Kent County MPO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dover/Kent County MPO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Members of the Council
Dover/Kent County Metropolitan Planning Organization
Camden, Delaware

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 9 and the budgetary comparison information, reflected on page 23, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2023 on our consideration of Dover/Kent County MPO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dover/Kent County MPO's internal control over financial reporting and compliance.

Restrictions on Use

Our report is intended solely for the information and use of management, Members of the Council, others within Dover/Kent County MPO, Delaware Department of Transportation, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Whisman Giordano & Associates, LLC

Newark, Delaware
March 8, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

The Members of the Council of Dover/Kent County Metropolitan Planning Organization (Dover/Kent County MPO) are pleased to present the readers of the financial statements of Dover/Kent County MPO this narrative overview and analysis of the financial activities of the Dover/Ken County MPO for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

Governmental Activities – As of June 30, 2022, Dover/Kent County MPO's net position reflects a surplus balance of \$57,237. Program revenues accounted for \$723,032, or 100%, of total revenue, and there were no other revenues.

Fund Level – For the year ended June 30, 2022, the Governmental Fund reported a negative change in fund balance in the amount of \$4,123.

For the Year ended June 30, 2021, the Governmental Fund reported a negative change in fund balance in the amount of \$2,644.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to Dover/Kent County MPO's basic financial statements. Dover/Kent County MPO's financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of Dover/Kent County MPO's finances, in a manner similar to a private-sector business.

The Statement of Net Position (page 10) presents information on all Dover/Kent County MPO's assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as useful indicators as to whether the financial position of Dover/Kent County MPO is improving or deteriorating.

The Statement of Activities (pages 11-12) presents information showing how Dover/Kent County MPO's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow in future fiscal periods.

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Fund Financial Statements – The fund financial statements begin on page 13 and provide detailed information about the General Fund. A "fund" is a fiscal and accounting entity with a self-balancing set of accounts that Dover/Kent County MPO uses to keep track of specific sources of funding and spending for a particular purpose. The General Fund falls into the governmental category.

Governmental Funds – Dover/Kent County MPO's basic services are reported in a Governmental Fund, which focuses on how cash flows into and out of the fund and the balances left at year-end that are available for future spending. The Governmental Fund financial statements provide a detailed, short-term view of Dover/Kent County MPO's operations and the services it provides. Governmental Fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance Dover/Kent County MPO's programs.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 15 of this report.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning Dover/Kent County MPO's actual revenues and expenses compared to its budget. The required supplementary information can be found on page 23.

FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of Dover/Kent County MPO's overall financial position. In the case of Dover/Kent County MPO, assets exceeded liabilities by \$57,237 at the close of fiscal year 2022, and \$61,360 at the close of fiscal year 2021.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS

Dover/Kent County MPO’s net position analysis of fiscal years 2022 and 2021 follows:

GOVERNMENTAL ACTIVITIES

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets	\$ 164,430	\$ 162,136
Noncurrent Assets	-	-
TOTAL ASSETS	<u>\$ 164,430</u>	<u>\$ 162,136</u>
LIABILITIES		
Current Liabilities	\$ 107,193	\$ 100,776
TOTAL LIABILITIES	<u>107,193</u>	<u>100,776</u>
NET POSITION		
Invested in Capital Assets	-	-
Restricted	57,237	61,360
TOTAL NET POSITION	<u>57,237</u>	<u>61,360</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 164,430</u>	<u>\$ 162,136</u>

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS

The Statement of Activities below reflects the cost of program services and the net cost of those services after taking into account the program revenue for governmental activities.

	<u>2022</u>	<u>2021</u>
REVENUES		
Intergovernmental revenues:		
Federal funding	580,077	600,748
State funding	134,755	150,187
Local funding	8,200	800
Total revenues	<u>723,032</u>	<u>751,735</u>
EXPENDITURES		
Direct costs:		
Salaries	279,320	266,765
Payroll taxes	20,987	20,567
Employee benefits	76,682	75,087
Contracted services	261,131	305,599
Indirect costs:		
Computer expense	3,783	14,914
Conferences and meetings	7,695	159
Dues and subscriptions	7,748	4,539
Equipment rentals	2,452	6,362
Insurance	1,741	3,940
Office supplies and expense	9,867	4,214
Office rent	28,320	27,950
Postage and freight	436	735
Printing and publications	765	973
Professional fees	18,669	12,803
Publicity/advertising	4,235	9,436
Travel	3,324	336
Total expenditures	<u>727,155</u>	<u>754,379</u>
CHANGE IN NET POSITION	<u>(4,123)</u>	<u>(2,644)</u>
FUND BALANCES		
Beginning of year	<u>61,360</u>	<u>64,004</u>
End of year	<u>\$ 57,237</u>	<u>\$ 61,360</u>

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

DOVER/KENT COUNTY MPO’S FUND

Dover/Kent County MPO’s Governmental Fund reported a deficit in the amount of \$4,123 and \$2,644 for the years ended June 30, 2022 and 2021, respectively.

Governmental Fund – The Statement of Revenues, Expenditures, and Changes in Fund Balance that follows assist in illustrating the financial activities of the General Fund.

	2022	2021
REVENUES		
Intergovernmental revenues:		
Federal funding	580,077	600,748
State funding	134,755	150,187
Local funding	8,200	800
Total revenues	<u>723,032</u>	<u>751,735</u>
EXPENDITURES		
Direct costs:		
Salaries	279,320	266,765
Payroll taxes	20,987	20,567
Employee benefits	76,682	75,087
Contracted services	261,131	305,599
Indirect costs:		
Computer expense	3,783	14,914
Conferences and meetings	7,695	159
Dues and subscriptions	7,748	4,539
Equipment rentals	2,452	6,362
Insurance	1,741	3,940
Office supplies and expense	9,867	4,214
Office rent	28,320	27,950
Postage and freight	436	735
Printing and publications	765	973
Professional fees	18,669	12,803
Publicity/advertising	4,235	9,436
Travel	3,324	336
Total expenditures	<u>727,155</u>	<u>754,379</u>
CHANGE IN NET POSITION	<u>(4,123)</u>	<u>(2,644)</u>
FUND BALANCES		
Beginning of year	<u>61,360</u>	<u>64,004</u>
End of year	<u>\$ 57,237</u>	<u>\$ 61,360</u>

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

DOVER/KENT COUNTY MPO'S FUND - CONTINUED

The majority of Dover/Kent County MPO's total revenue (80% for fiscal years 2022 and 2021) comes from federal contributions. Federal revenue is contingent upon the expenses incurred during the undertaking of projects. Dover/Kent County MPO also receives state and local matches of 20% of their total expenditures. The reliance on this revenue is to support programs and facility expenditures.

General Fund Budget Information – The Dover/Kent County MPO budget is prepared on a cash basis of accounting.

Dover/Kent County MPO adopted a fiscal year 2022 budget on May 5, 2021. The budget contained revenues of \$844,845 and expenditures of \$844,845. The budget is prepared on a cash basis, the annual financial statements are prepared on an accrual basis. Variances of budget to actuals are outlined as follows:

Revenues

Intergovernmental Revenues- The unfavorable variance of \$121,813 was due to projects that were programmed while preparing the budget that did not take place.

Expenditures

Regional transportation planning services and planning coordination – The favorable variance of \$117,690 was due to projects that were programmed while preparing the budget that did not take place.

FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS

As a result of the Infrastructure Investment and Jobs Act, additional funding will likely be available to Dover/Kent County MPO for fiscal years 2024 and 2025. Additional funding may also be made available due to the change in Census-designated urban areas, which will trigger a redistribution of some federal and state funding.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Dover/Kent County MPO's finances to its various stakeholders and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report, and requests for additional financial information should be addressed to the Executive Director, 302-387-6030.

Basic Financial Statements Section

**DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY
MPO]**

STATEMENT OF NET POSITION

As of June 30, 2022 and 2021

	Governmental Activities	
	2022	2021*
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 44,520	70,298
Due from other governments	119,910	91,838
Total current assets	164,430	162,136
NONCURRENT ASSETS		
Capital assets, net of accumulated depreciation	-	-
TOTAL ASSETS	164,430	162,136
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and other	52,429	55,015
Accrued salaries and benefits	34,709	30,187
Refundable advance	20,055	15,574
Total current liabilities	107,193	100,776
TOTAL LIABILITIES	107,193	100,776
NET POSITION		
NET POSITION		
Net investment in capital assets	-	-
Restricted	57,237	61,360
TOTAL NET POSITION	\$ 57,237	\$ 61,360

*Reclassified for comparative purposes.

The accompanying notes are an integral part of the basic financial statements.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenues and Change In Net Position
		Charges for Services	Operating Grants and Contributions		Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Regional transportation planning services and planning coordination	727,155	\$ -	\$ 723,032	\$ -	\$ (4,123)
Total governmental activities	<u>\$ 727,155</u>	<u>\$ -</u>	<u>\$ 723,032</u>	<u>\$ -</u>	<u>(4,123)</u>
GENERAL REVENUES					
					-
					-
					-
CHANGE IN NET POSITION					
					(4,123)
NET POSITION					
					61,360
					<u>\$ 57,237</u>

The accompanying notes are an integral part of the basic financial statements.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Change In Net Position
					Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Regional transportation planning services and planning coordination	754,379	\$ -	\$ 751,735	\$ -	\$ (2,644)
Total governmental activities	<u>\$ 754,379</u>	<u>\$ -</u>	<u>\$ 751,735</u>	<u>\$ -</u>	<u>(2,644)</u>
GENERAL REVENUES					
					-
Earnings on cash and equivalents					-
Miscellaneous revenues					-
Total general revenues					<u>-</u>
CHANGE IN NET POSITION					(2,644)
NET POSITION					
					64,004
Beginning of year					<u>64,004</u>
					\$ 61,360
End of year					<u>\$ 61,360</u>

The accompanying notes are an integral part of the basic financial statements.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]

BALANCE SHEET-GOVERNMENTAL FUNDS

As of June 30, 2022 and 2021

	Governmental Funds	
	Special Revenue Fund	
	2022	2021*
ASSETS		
Cash and equivalents	\$ 44,520	\$ 70,298
Due from other governments	119,910	91,838
TOTAL ASSETS	\$ 164,430	\$ 162,136
LIABILITIES		
Accounts payable and other	\$ 52,429	\$ 55,015
Accrued salaries and benefits	34,709	30,187
Refundable advance	20,055	15,574
Total liabilities	107,193	100,776
FUND BALANCES		
Restricted	57,237	61,360
Total fund balances	57,237	61,360
TOTAL LIABILITIES AND FUND BALANCES	\$ 164,430	\$ 162,136

*Reclassified for comparative purposes.

The accompanying notes are an integral part of the basic financial statements.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
Years Ended June 30, 2022 and 2021

	Governmental Funds	
	Special Revenue Fund	
	2022	2021
REVENUES		
Intergovernmental revenues:		
Federal funding	580,077	600,748
State funding	134,755	150,187
Local funding	8,200	800
Total revenues	<u>723,032</u>	<u>751,735</u>
EXPENDITURES		
Direct costs:		
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Indirect costs:		
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Insurance	1,741	3,940
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Office rent	28,320	27,950
Postage and freight	436	735
Printing and publications	765	973
Professional fees	18,669	12,803
Publicity/advertising	4,235	9,436
Travel	3,324	336
Total expenditures	<u>727,155</u>	<u>754,379</u>
NET CHANGES IN FUND BALANCES	(4,123)	(2,644)
FUND BALANCES		
Beginning of year	<u>61,360</u>	<u>64,004</u>
End of year	<u>\$ 57,237</u>	<u>\$ 61,360</u>

The accompanying notes are an integral part of the basic financial statements.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION

Dover/Kent County Metropolitan Planning Organization [Dover/Kent County MPO] is an interstate publicly constituted agency created under the provisions of Section 134 of the Federal Aid Highway Act of 1973, as amended, whose purpose is to perform regional transportation planning services and planning coordination within the region. Dover/Kent County MPO's region is defined as the whole of Kent County, Delaware. Two Kent County municipalities which have annexed properties into neighboring counties, will require additional coordination with adjacent transportation planning agencies. The Town of Smyrna, which has annexed properties in New Castle County, Delaware will have to coordinate with the Wilmington Area Planning Council (WILMAPCO) and the City of Milford annexed properties in Sussex County, will have to coordinate with Delaware Department of Transportation (DelDOT). The Dover/Kent County MPO's mission is to ensure the implementation of the most efficient multi-modal transportation plans and programs which meet the requirements of the Federal Clean Air Act Amendments (CAAA) of 1990 and the Fixing America's Surface Transportation Act (FAST).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to local governmental units, hereafter referred to as GAAP. The Governmental Accounting Standards Board [GASB] is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

Reporting Entity

In evaluating Dover/Kent County MPO as a reporting entity, management has addressed all potential component units for which Dover/Kent County MPO may or may not be financially accountable and, as such, be includable within its basic financial statements. According to GASB, Dover/Kent County MPO is financially accountable if it appoints a voting majority of an organization's governing board and [1] it can impose its will on the organization or [2] there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on Dover/Kent County MPO. Additionally, Dover/Kent County MPO is required to consider other organizations for which the nature and significance of their relationship are such that exclusion would cause the reporting entity's financial statements to be misleading *or* incomplete. There are no entities that meet the above criteria and therefore the financial statements of Dover/Kent County MPO reflect only its activities.

Budgetary Accounting

Dover/Kent County MPO annually adopts a Unified Planning Work Program [UPWP] which constitutes the annual budget. The UPWP is presented on the modified accrual basis of accounting and. The annual appropriations either lapse at the end of the period or are carried forward and included in the subsequent UPWP.

Use of Estimates

Preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses or expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Government-Wide and Fund Financial Statements

Dover/Kent County MPO's basic financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to financial statements.

The government-wide financial statements, which include the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of Dover/Kent County MPO. As a general rule, the effect of interfund balances has been removed from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific program. *Program revenues* include charges to member governments who directly benefit from services provided, and grants and contributions that are restricted to meeting the operating or capital requirements of a function.

The major individual governmental funds are reported as separate columns in the fund financial statements. Dover/Kent County MPO presents only governmental funds, of which the major individual funds are reported as separate columns, in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Charges for services to member governments are recognized as revenues in the period for which they are billed. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The **governmental fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay the liabilities of the period. For this purpose, Dover/Kent County MPO considers revenues to be available if they are collected within 60 days of the end of the period. Expenditures are generally recorded when a liability is incurred, as under the accrual basis of accounting. However, expenditures related to long-term compensated absences, when present, are recorded only when a liability is due.

Charges to member governments, grant revenues and interest associated with the period are all considered to be susceptible to accrual and so have been recognized as revenues of the period. All other revenue items are considered to be measurable and available only when Dover/Kent County MPO receives cash.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Measurement Focus, Basis of Accounting, and Financial Statement Presentation [continued]

Dover/Kent County MPO reports the following major governmental fund types:

- The *special revenue fund* for Dover/Kent County MPO's accounts for all financial resources as required.

Amounts reported as program revenues include [1] charges to member governments for services provided, [2] operating grants and contributions, and [3] capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

Indirect Cost Allocation

Dover/Kent County MPO allocates monthly, indirect costs [overhead] to the various projects, based on the ratio of direct labor charged to each project to the total direct labor incurred for the month. These cost allocations are based on Dover/Kent County MPO's annually approved UPWP.

Encumbrances

Encumbrance accounting is employed by the governmental funds. Encumbrances [e.g., purchase orders] outstanding at year end are reported as reservations of grant awards and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent period. Dover/Kent County MPO has no encumbrances outstanding for the year presented.

Cash and Equivalents

Dover/Kent County MPO considers demand deposits and all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Capital Assets and Depreciation

Capital assets consist of office furniture and equipment and are reported in the applicable governmental column of the government-wide financial statements. Dover/Kent County MPO defines capital assets as assets having an initial, individual cost of \$1,000 or more and with an estimated useful life in excess of one year. Such capital assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair value as of the date of the donation. The cost of normal maintenance and repairs that do not add to the value of a capital asset or materially extends its life is not capitalized. Major outlays for capital assets and for improvements are capitalized as the projects are constructed. Interest cost incurred during construction is not capitalized. Office furniture and equipment is depreciated using the straight-line method over their estimated lives ranging between 4 to 10 years. There were no capital assets as of June 30, 2022 and 2021.

Refundable Advances

Dover/Kent County MPO receives advances from the State of Delaware to be applied to future expenditures during Dover/Kent County MPO's fiscal year. Any money not utilized by the end of the fiscal year should be returned to the state. For the years ended June 30, 2022 and 2021, the refundable advance was \$20,055 and \$15,574, respectively.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Compensated Absences Policy

Dover/Kent County MPO employees earn from 15 to 21 days of vacation per year, with a provision for accumulated carryover at the end of any calendar year, up to 350 hours. Employees are paid for any vacation carryover upon termination or retirement as defined under its employee policies. Vacation pay is included as expenditures when earned and is reflected as current accrued salaries and benefits on both the government-wide and fund financial statements. Vacation pay is included as expenditures when earned and is reflected as current accrued salaries and benefits on the government-wide and fund financial statements. Accrued vacation amounted to \$19,735 and \$14,505 for the years ended June 30, 2022 and 2021, respectively.

Employees earn 15 sick days per year, and there is no limit on sick leave accumulation. Upon retirement, sick leave is paid at a rate of one hour for every two accrued, up to 337.5 hours. Sick leave is included as expenditures when earned and is reflected as current accrued salaries and benefits on both the government-wide and fund financial statements. Sick leave is included as expenditures when earned and is reflected as current accrued salaries and benefits on the government-wide and fund financial statements. Accrued sick leave amounted to \$10,239 and \$12,587 for the years ended June 30, 2022 and 2021, respectively.

Net Position and Fund Equity

In the government-wide financial statements, net position is reported in three separate categories: net position invested in capital assets; restricted net position; and unrestricted net position. Net position invested in capital assets represents capital assets less accumulated depreciation less outstanding principal of any related debt. Restricted net position represents net position restricted by parties outside of the entity [such as creditors, grantors, contributors, laws, and regulations of other governments] and may include certain unspent grant awards. All other net position is considered unrestricted.

In the fund financial statements, the fund balances are required to be reported according to the following classifications:

- **Nonspendable fund balance**-Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. The classification includes prepayments and other assets, inventory, assets held for sale, and long-term receivables.
- **Restricted fund balance**-Constraints placed on the use of these amounts are either externally imposed by the creditors [debt covenants], grantors, contributors, or other governments; or are imposed by law through the constitutional provisions or enabling legislation.
- **Committed fund balance**-Amounts that can only be used for specific purposes because of a formal action [Council resolution] by Dover/Kent County MPO' s highest level of decision-making authority: Council.
- **Assigned fund balance**-Amounts constrained by Dover/Kent County MPO's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by Council, or by an official to whom that authority has been given. This is the residual fund balance classification for all governmental funds with positive balances.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Net Position and Fund Equity (continued)

- **Unassigned fund balance**-This is the residual classification of the general fund. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When both restricted and unrestricted resources are available for use, it is the policy of Dover/Kent County MPO to use restricted resources first, then unrestricted resources as they are needed.

Advertising/Publicity Expense

Dover/Kent County MPO’s production costs for advertising are expensed as incurred. Advertising and publicity costs amounted to \$4,235 and \$9,436 for the years ended June 30, 2022 and 2021, respectively.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

NOTE 3 - CASH AND EQUIVALENTS

It is the policy of Dover/Kent County MPO to invest funds under its control in checking accounts with FDIC insured financial institutions.

The deposits [cash and equivalents, excluding petty cash of \$40] of Dover/Kent County MPO are categorized to give an indication as to the level of risk assumed at June 30, 2022 and 2021. The categories are described below:

Category 1 - Insured or collateralized with securities held by Dover/Kent County MPO or by its Agent in Dover/Kent County MPO's name.

At June 30, 2022 and 2021, the deposits of Dover/Kent County MPO categorized by their level of risk are as follows:

Category	2022		2021	
	Books	Banks	Books	Banks
1	44,480	\$ 47,470	70,258	\$ 105,347
Total deposits	\$ 44,480	\$ 47,470	\$ 70,258	\$ 105,347

Deposit custodial credit risk is the risk that, in the event of a bank failure, the deposits will not be returned to Dover/Kent County MPO. Based on the criteria described in GASB Statements on *Deposits and Investment Risk Disclosures*, there are no uninsured bank balances at June 30, 2022 or 2021.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments represent receivables for revenues earned by Dover/Kent County MPO or collections made by another governmental unit on behalf of Dover/Kent County MPO. At June 30, intergovernmental receivables consist of the following:

Description	2022	2021
Federal funds passes through State Departments:		
Federal Highway Administration [FHWA]	78,957	\$ 37,447
Federal Transit Administration [FTA]	17,551	8,642
Total federal receivables	<u>96,508</u>	<u>46,089</u>
State and local matching funds (credits)	<u>23,402</u>	<u>45,749</u>
Total intergovernmental receivables	<u>\$ 119,910</u>	<u>\$ 91,838</u>

NOTE 5 – REFUNDABLE ADVANCE

Dover/Kent County MPO receives advances from the State of Delaware to be applied to future expenditures during Dover/Kent County MPO’s fiscal year. Any money not utilized by the end of the fiscal year should be returned to the state. At June 30, refundable advance consist of the following:

Description	2022	2021
Delaware Department of Transportation	<u>\$ 20,055</u>	<u>\$ 15,574</u>
Total refundable advance	<u>\$ 20,055</u>	<u>\$ 15,574</u>

NOTE 6 - UNEXPENDED PORTION OF UPWP

At June 30, 2022 and 2021, any unexpended portion of the approved Unified Planning Work Program [UPWP] is carried forward and included in subsequent UPWP.

NOTE 7 – 457(b) DEFERRED COMPENSATION PLAN

Employees may elect to participate in the MissionSquare Retirement (formerly ICMA-RC) administered retirement plans. Dover/Kent County MPO contributes to the plan, on behalf of each participant, an amount equal to an employee’s contribution to the plan, up to 5% of the participant’s annual compensation. Dover/Kent County MPO will match up to 10% of the Executive Director’s salary. Total pension cost of \$30,121 is reflected in the basic financial statements as a component of employee benefits. For the years ended June 30, 2022 and 2021, total employee contributions amounted to \$15,060 and \$9,153, and total employer contributions amounted to \$15,060 and \$9,153, respectively.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are outstanding various commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. Dover/Kent County MPO does not anticipate losses as a result of these transactions.

Leasing Arrangements as Lessee

Dover/Kent County MPO has several noncancelable operating leasing arrangements, primarily for office space and certain office equipment. These arrangements expire at various dates through March 2027. At June 30, 2022, the future minimum lease payments required under the operating leasing arrangements having remaining terms more than one year are:

Years Ending June 30	Office	Equipment	Total
2023	\$ 16,740	\$ 2,107	\$ 18,847
2024	-	2,107	2,107
2025	-	1,646	1,646
2026	-	263	263
2027	-	219	219
Total minimum future lease payments	<u>\$ 16,740</u>	<u>\$ 6,343</u>	<u>\$ 23,083</u>

Total lease cost are \$24,772 and \$28,682 for the years ended June 30, 2022 and 2021.

Government Awards Subject to the Uniform Guidance

Dover/Kent County MPO participates in certain federal awards subject to the Uniform Guidance audit requirements. The compliance audit of the federal awards has been conducted as of and for the years ended June 30, 2022 and 2021. The compliance audit revealed no material weaknesses or significant findings and questioned costs. Findings and questioned costs may exist that were not identified; however, Dover/Kent County MPO expects such costs, if any, to be immaterial to the basic financial statements as a whole.

NOTE 9 – GASB STATEMENT IMPLEMENTATION

In June of 2017, the GASB issued Statement No. 87, Leases. Implementation is required for periods beginning after June 15, 2021, with earlier application encouraged. The objective of the Statement is to better meet the informational needs of the financial statement users by improving accounting and financial reporting for leases by governments. The Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an asset. Implementation of the Statement had no significant impact on the financial statements.

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

Dover/Kent County MPO has receivables due primarily from the Federal government with the Delaware Department of Transportation [DELDOT] acting as the primary pass-through entity. Approximately 100% of Dover/Kent County MPO's receivables are due from DELDOT. The same agency also provides approximately 80% of Dover/Kent County MPO's operating revenues.

NOTE 11 – OTHER RISKS

The outbreak of a novel strain of the coronavirus [COVID-19] has spread throughout the United States of America resulting in multiple jurisdictions [in the U.S as well as worldwide] to declare various States of Emergency. There is no immediate impact on the government's operations and any potential impact cannot be reasonably predicted as of the date of the auditor's report.

NOTE 12 – EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditor's report, the date on which the financial statements were available to be issued. Management has determined that no additional disclosures or adjustments are necessary to the financial statements.

Required Supplementary Information [RSI] Section

DOVER/KENT COUNTY METROPOLITAN PLANNING ORGANIZATION [DOVER/KENT COUNTY MPO]
SCHEDULE FOR REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE-BUDGET AND ACTUAL-SPECIAL REVENUE FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues-Federal	\$ 675,876	\$ 675,876	\$ 580,077	\$ (95,799)
Intergovernmental revenues-State	168,969	168,969	134,755	(34,214)
Intergovernmental revenues-Local	-	-	8,200	8,200
Total revenues	<u>844,845</u>	<u>844,845</u>	<u>723,032</u>	<u>(121,813)</u>
EXPENDITURES				
Regional transportation planning services and planning coordination	<u>844,845</u>	<u>844,845</u>	<u>727,155</u>	<u>(117,690)</u>
Total expenditures	<u>844,845</u>	<u>844,845</u>	<u>727,155</u>	<u>(117,690)</u>
NET CHANGE IN FUND BALANCE	-	-	(4,123)	(4,123)
FUND BALANCE				
Beginning of year	<u>-</u>	<u>-</u>	<u>61,360</u>	<u>61,360</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,237</u>	<u>\$ 57,237</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dover/Kent County MPO annually adopts a Unified Planning Work Program [UPWP] which constitutes an annual budget. The UPWP is integrated into the accounting system and presented on the modified accrual basis of accounting. Accordingly, the accompanying budgetary comparison schedule for the special revenue fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted UPWP, as amended. The unexpended appropriations on the UPWP lapse at the end of each fiscal year, unless appropriations are carried forward in the subsequent UPWP.

Material Violations

There were no material violations of the UPWP for the fiscal year presented. The variance pertains to tasks not completed at the end of the fiscal period.

See Report of Independent Auditor

Reports Required by Government Auditing Standards



WHISMAN GIORDANO
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**Report of Independent Auditor
on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the Council
Dover/Kent County Metropolitan Planning Organization
Camden, Delaware

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Dover/Kent County Metropolitan Planning Organization [Dover/Kent County MPO], as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Dover/Kent County MPO's basic financial statements, and have issued our report thereon dated March 8, 2023

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dover/Kent County MPO's internal control over financial reporting [internal control] as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dover/Kent County MPO's internal control. Accordingly, we do not express an opinion on the effectiveness of Dover/Kent County MPO's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dover/Kent County MPO's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Members of the Council
Dover/Kent County Metropolitan Planning Organization
Camden, Delaware

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whisman Giordano & Associates, LLC

Newark, Delaware
March 8, 2023